



Rule Up For Discussion and Possible Filing

Proposed Amendment of

WAC 230-40-554

Chief executive officer or chief operations officer defined.

ITEM 17 (a) on the August 13, 2004, Commission Meeting Agenda.	Statutory Authority 9.46.070
Who proposed the rule change?	
Staff, on behalf of Gary Murray.	
Why is this rule change needed?	
<p>Gary Murray, on behalf of the Recreational Gaming Association, requested that staff consider an amendment to allow a card room's Chief Executive Officer (CEO) or Chief Operations Officer (COO) (commonly referred to as the General Manager) to also act as the Gaming Operations Department Manager (commonly referred to as the Casino Manager). Currently, agency rules require these positions to be held by two separate people. Requiring separate employees for each of these positions is a safeguard that was established when house-banked card rooms were first introduced in the state to protect a card room from a person performing "incompatible functions" (defined below). Mr. Murray states that if a card room owner is comfortable with a CEO performing both jobs, they should be allowed to hold both positions. He feels if a card room owner wants to eliminate the Casino Manager position and have the General Manager oversee the Gaming Operations Department in order to save money, they should be able to make that business decision.</p> <p>Staff believe allowing the CEO to also perform the duties of the Gaming Operations Department Manager would not compromise players and not necessarily compromise a card room if proper internal controls are in place. Therefore, staff proposes an amendment to WAC 230-40-554 to allow the CEO / COO to also act as the Gaming Operations Department Manager.</p> <p>The CEO or COO is designated by the card room owner as having overall responsibility for the card room and is normally referred to as the General Manager of the business. WAC 230-40-554 defined CEO/COO.</p> <p>The Gaming Operations Department Manager acts as the Casino Manager and their duties are outlined in WAC 230-40-815 (3)(c) (attached).</p> <p>Incompatible functions for accounting and internal control purposes are defined in WAC 230-40-550 (attached). These are functions, duties, or responsibilities that place any person or department in a position to both perpetrate and conceal errors or irregularities in the normal course of his or her duties are incompatible functions.</p> <p>WAC 230-40-815 (2)(b) sets forth that a licensee's administrative controls must provide a segregation of incompatible functions so that no employee is in a position to perpetrate and conceal errors or irregularities in the normal course of his or her duties (attached).</p> <p>Attached: WAC 230-40-550 Incompatible functions defined WAC 230-40-815 Administrative and accounting control structure -- Organization -- House-banking.</p>	
Statements against the proposed rule change.	
None at this time.	
Which licensees will be directly impacted?	
House-banked card rooms.	
What are the potential impacts to the agency?	
Minimal.	
Staff recommendation.	
File for further discussion.	
Proposed effective date.	
January 1, 2005.	